

Message Text

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COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-06 ARA-06 EA-06 EUR-12 NEA-10 (ISO) W

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R 161530Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 293

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY ISLAMABAD

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY KUALA LUMPUR

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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USMISSION EC BRUSSELS UNN

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AMEMBASSY BUENOS AIRES
AMEMBASSY BUCHAREST
AMEMBASSY JAKARTA
AMEMBASSY PRAGUE
AMEMBASSY CAIRO
AMEMBASSY VIENNA
AMEMBASSY SEOUL
AMEMBASSY MANILA
AMEMBASSY MADRID

LIMITED OFFICIAL USE SECTION 1 OF 3 MTN GENEVA 5616

PASS STR

CODEL

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN: TNC - FIRST DAY

1. SUMMARY. FIFTH MEETING OF TRADE NEGOTIATIONS COMMITTEE OPENED WITH REPORTS OF SIX NEGOTIATING GROUP CHAIRMEN AND MAJOR STATEMENTS BY U.S., JAPAN, BRAZIL, MEXICO, EC, CANADA, SWITZERLAND, NORDICS, AND NIGERIA. U.S. SOUNDED MAJOR THEME OF NEED FOR TNC TO HAVE NEGOTIATING GROUPS IDENTIFY "INTERIM CONCRETE RESULTS BY WHICH PARTICIPANTS CAN MEASURE PROGRESS TOWARD AGREED OBJECTIVES IN THE TOKYO DECLARATION," BUILDING ON PROGRESS TO DATE IN THOSE GROUPS. OTHER DEVELOPED COUNTRY DELS ENDORSED NEED FOR PROGRESS WHILE STRESSING BALANCED AND GLOBAL ASPECTS. LDCS WHO SPOKE REGISTERED SHARP DISAPPOINTMENT AT "ALMOST NON-EXISTENT" PROGRESS, DEFINED IN TERMS OF DEVELOPMENT OF DIFFERENTIAL MEASURES FAVORING LDCS AND LACK OF DC RESPONSE TO SPECIFIC LDC PROPOSALS. THEY ENDORSE ACCELERATION OF WORK IN GROUPS IF THIS INCLUDES INTENTION TO REMEDY THESE TWO MAIN SHORT-COMINGS. END SUMMARY.

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2. TNC CHAIRMAN LONG CONVENED FIFTH SESSION OF TRADE NEGOTIATIONS COMMITTEE TO TAKE STOCK OF STATUS OF WORK SINCE FEBRUARY AND PLAN WORK FOR REST OF 1975. REVIEW COMMENCED WITH SUMMARY ORAL REPORTS OF ACTIVITY BY CHAIRMEN OF EACH OF SIX MAIN TNC GROUPS WHICH CLOSELY FOLLOWED WRITTEN RECORD OF MEETINGS HELD OVER PAST FOUR MONTHS. AT REQUEST OF CHILE, CHAIRMEN'S STATEMENTS WILL BE CIRCULATED AS WORKING DOCUMENTS. LONG THEN INVITED

GENERAL STATEMENTS WITH URGING THAT THEY BE CONCRETE AND WITHIN AGREED 15 MINUTE TIME LIMIT PER STATEMENT.

3. U.S. (AMBASSADOR DENT) PRESENTING MAJOR EXCERPTS FROM LONGER PREPARED STATEMENT (SEPTTEL) SOUNDED CALL FOR TNC TO SET IN MOTION PROCESS TO CREATE "OVERALL STRATEGY THAT WILL YIELD INTERIM CONCRETE RESULTS AT AN EARLY STAGE TOWARD IMPLEMENTATION OF TOKYO DECLARATION." U.S. CITED NEED FOR HIGH LEVEL OF POLITICAL SUPPORT BY MTN PARTICIPANTS, ESPECIALLY DURING TIME OF DIFFICULT ECONOMIC CIRCUMSTANCES, WITH EYE ON HORIZON THAT WENT SIGNIFICANTLY BEYOND CURRENT PERIOD OF ECONOMIC DOWN-TURN. NEED TO STRENGTHEN ECONOMIC TIES AMONG DEVELOPED AND DEVELOPING COUNTRIES AND TO ENHANCE ECONOMIC WELL-BEING OF LATTER GIVEN SPECIAL EMPHASIS. U.S. SPECIFICALLY PROPOSED THAT TNC ASSIGN TO INDIVIDUAL WORKING GROUPS AND SUBGROUPS TASK OF IDENTIFYING INTERIM CONCRETE RESULTS WHICH MIGHT BE COMPLETED IN YEAR AHEAD. THESE RESULTS MIGHT TAKE MANY DIFFERENT FORMS, E.G., FRAMEWORK FOR NEGOTIATIONS IN A SPECIFIC AREA; SET OF DETAILED OBJECTIVES; DRAFT TEXT WITH BRACKETED LANGUAGE; PARTIAL INTERIM, OR AD REFERENDUM AGREEMENT; OR IN SOME CASES IMPLEMENTATION OF AGREED MEASURES BEFORE END OF MTN. U.S. EMPHASIZED WE NOT WEDDED TO PARTICULAR IDEAS BUT SOUGHT SUBSTANTIAL SUCCESSES IN ORDER TO DEVELOP MILESTONES OF PROGRESS WHICH WOULD LEAD TO FULFILLMENT OF GOALS IN TOKYO DECLARATION. U.S. ILLUSTRATED POTENTIAL FOR INTERIM CONCRETE RESULTS WITH REVIEW OF PROGRESS IN EACH OF MAJOR NEGOTIATING AREAS, URGING MAJOR EFFORT BY DELEGATIONS IN CALENDAR OF WORK FOR FALL. U.S. NOTED THAT WE EXPECTED QUESTION OF ACCESS TO SUPPLIES TO BE RAISED IN STRUCTURE OF EXISTING WORK GROUPS AND THAT OTHER SUBJECTS UNDER HEADING OF TRADE REFORM WOULD BECOME ACTIVE AS NEGOTIATIONS PROCEEDED. FYI. POSTS URGED TO CONSULT LIMITED OFFICIAL USE

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AMBASSADOR DENT'S STATEMENT FOR SPECIFIC COMMENTS ON MTN SUBJECT AREAS WHICH WE NOT ATTEMPTING TO PARAPHRASE IN THIS REPORT. END FYI.

4. JAPAN (MIYAZAKI) CITED SOLID ADVANCE SO FAR MADE IN FACE OF ADVERSE ECONOMIC CIRCUMSTANCES. JAPAN STILL THOUGHT NEGOTIATIONS WERE IMPORTANT DEFENSE AGAINST SLIDE INTO PROTECTIONISM. ON SPECIFICS, IT THOUGHT TARIFFS COULD BE REGARDED AS PACESETTER FOR MTN AND THUS URGED AGREEMENT ON TARIFF CUTTING FORMULA SOON. CITED UNILATERAL SUCCESSIVE IMPROVEMENTS IN GSP SCHEME AS EVIDENCE OF CONCERN FOR LDCS AND FURTHER NOTED JAPANESE INTENTION TO TAKE LDC REQUESTS INTO ACCOUNT IN DEVELOPING AND IMPLEMENTING TARIFF CUTTING FORMULAS. ON NON-TARIFF MEASURES, JAPAN CALLED FOR "CONSTRUCTIVE AND STEADY ACCELERATION" OF WORK WHILE

RETAINING POSSIBILITY OF TAKING UP ADDITIONAL MEASURES. REGISTERED DOUBTS ABOUT SECTOR APPROACH WHICH IT THOUGHT SHOULD BE HELD IN ABEYANCE PENDING MORE CONCLUSIVE WORK ON GENERAL NEGOTIATING APPROACHES. REITERATED VIEWS ON SAFEGUARDS THAT REVISION OF ARTICLE XIX BE APPROACHED WITH EXTREME CAUTION AND GREAT DELIBERATION. URGED REALISTIC AND PRAGMATIC APPROACH TO AGRICULTURAL ISSUE AS BEST WAY TO ACHIEVE MEANINGFUL RESULTS IN FACE OF DIVERGENCE OF VIEWS, APPROACH, AND PHILOSOPHIES OF MAJOR PARTICIPANTS (PARAPHRASING JAPANESE CABINET OBJECTIVE OF STABLE WORLD MARKETS AND STEADY EXPANSION OF TRADE ON BASIS OF MUTUAL BENEFIT AND MUTUAL COOPERATION BETWEEN EXPORTERS AND IMPORTERS). ON TROPICAL PRODUCTS IT NOTED THAT CONSULTATIONS ALREADY HELD WITH 12 OF 18 LDCS WHICH HAVE FILED REQUEST LISTS AND LOOKED TO CONCLUSION OF CONSULTATIONS IN FALL, PERMITTING SUBMISSION OF DC OFFERS AT EARLY DATE. (THOUGHT GENERAL ISSUE OF DIFFERENTIAL MEASURES FOR LDCS WOULD HAVE TO BE INTEGRATED INTO EXISTING WORK PROGRAM RATHER THAN CARRIED AHEAD OF REST OF MTN.) UNDER HEADING OF "SUPPLY MANAGEMENT" JAPAN THOUGHT THAT SUBJECT OF EXPORT RESTRICTIONS WHICH HAD BEEN RAISED IN CONNECTION WITH SECTOR GROUP AND QR GROUP OUGHT TO BE CONSIDERED IN WIDER AND MORE GENERAL FRAMEWORK AS WELL. OVERALL, JAPANESE VIEW WAS THAT WORK SHOULD BE ACCELERATED IN EACH GROUP BUT THAT RESULTS BE OBTAINED IN ALL AREAS IN BALANCED MANNER SO THAT MTN COULD BE BROUGHT TO EARLY END.

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5. BRAZIL (BIER) SOUNDING MAJOR KEYNOTE OF LDCS, CONCLUDED THAT DESPITE SWIRL OF ACTIVITY, PROGRESS HAD BEEN "SLOW, ALMOST NON-EXISTENT." FATE OF LDC INTERESTS IN MTN WAS STILL IN DOUBT GIVEN "TOTAL LACK OF RESULTS SO FAR." THIS SEEN IN BOTH LACK OF SPECIAL PROCEDURES FOR LDCS AND FAILURE TO DEVELOP DIFFERENTIAL TREATMENT IN POSSIBLE SOLUTIONS. CITED LACK OF DC RESPONSE TO LDC PROPOSALS ON TARIFFS, SAFEGUARDS, GSP, SUBSIDY/COUNTERVAIL, AND QRS. PROPOSED THAT TNC ESTABLISH GUIDELINES TO (1) ACCELERATE WORK LEADING TO REAL NEGOTIATIONS SOONER; (2) IMPART SENSE OF URGENCY IN DEVELOPING SPECIAL LDC PROCEDURES ON BASIS OF THEIR PROPOSALS, IN PARALLEL WITH EVOLUTION OF GENERAL RULES; (3) ESTABLISH PRIORITY TIMETABLE FOR COMPLETING BY END OF 1975 TROPICAL PRODUCTS WORK, WHICH WILL BE TEST CASE FOR HANDLING OF LDC INTERESTS; AND (4) BEGIN WORK ON REVISIONS OF GATT TO TAKE INTO ACCOUNT SPECIAL LDC CONCERNS.

6. MEXICO (GARRIDO) NOTED DECENT START HAD BEEN MADE ON MTN WORK BUT PROGRESS SLOW OR MISSING ON "PRACTICAL APPLICATION" BY WORKING GROUPS OF TOKYO DECLARATION COMMITMENT TO LDCS. LDCS DISAPPOINTED BY LACK OF RAPID PROGRESS IN TROPICAL

PRODUCTS AND RESISTANCE BY SOME DELS TO SPECIAL SECRETARIAT
STUDIES TO FURTHER LDC INTERESTS. SAID RAPID DEFINITION OF
DIFFERENTIAL TREATMENT NEEDED AS BASIS FOR CONTINUED LDC
PARTICIPATION. (THIS HAD BEEN ONLY ATTRACTION FOR LDCS
IN FIRST PLACE.) ENCOURAGED BY U.S. STATEMENT EMPHASIZING
CONCRETE RESULTS ON SHORT-TERM BASIS AND COULD ACCEPT THIS
IF IT INCLUDED PRIORITY FOR LDC INTERESTS AND REQUESTS.
MANDATE NEEDED FOR ALL GROUPS TO INSURE ANSWERS TO LDCS
BY DECEMBER ON ALL SPECIFIC PROPOSALS FOR DIFFERENTIAL
AND MORE FAVORABLE TREATMENT AND PROCEDURES. CALLED FOR
FINAL RESPONSE ON TROPICAL PRODUCT REQUESTS, COMPENSATION
FOR GSP EROSION, SELECTIVE NEGOTIATIONS ON ITEMS EXCEPTED
FROM GENERAL TARIFF FORMULA, EXEMPTION FROM COUNTERVAILING
DUTIES, ACKNOWLEDGEMENT OF LDC RIGHT TO SUBSIDIZE, EXEMPTION
FROM DC SAFEGUARD ACTIONS, FURTHER SECTOR WORK OF INTEREST
TO LDCS AND SPECIAL PROCEDURES ON AGRICULTURAL PRODUCTS
WHETHER RAISED IN TARIFFS, NTM, OR AGRICULTURE GROUPS.
FINALLY, SECRETARIAT OUGHT TO COMPILE SUMMARY OF ALL
PROPOSALS SO FAR TO AMEND GATT ON BASIS MORE FAVORABLE
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TO LDCS.

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TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-06 ARA-06 EA-06 EUR-12 NEA-10 (ISO) W

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R 161530Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 294
INFO AMEMBASSY BELGRADE
AMEMBASSY BONN
AMEMBASSY BERN
AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
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PASS STR

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7. EC (HIJZEN) RECALLED GENERAL PRESENTATION OF ITS IDEAS
IN FEBRUARY TNC AND CALLED FOR MAKING PROGRESS ON AS BROAD
A BASIS AS POSSIBLE. PRAISED PROGRESS MADE SO FAR ON

PRAGMATIC BASIS, NOTING THAT CLIMATE OF NEGOTIATIONS NOT UNDULY HARMED BY ECONOMIC CONDITIONS OR "POLITICAL DIFFERENCES ON QUESTION OF PRINCIPLE." FLAGGED CONTINUING ANXIETY ON MONETARY INSTABILITY AND RECALLED NEED FOR PARALLEL PROGRESS ON MONETARY REFORM, AND REITERATED TOKYO DECLARATION, PARA 9, THAT FRAMEWORK IMPROVEMENT TO BE CONSIDERED IN LIGHT OF PROGRESS IN NEGOTIATIONS. IN EC VIEW, CERTAIN ASPECTS OF NEGOTIATIONS WERE "ESSENTIAL IF OVERALL BALANCE OF ADVANTAGE IS TO BE PRESERVED". REITERATED EC SUPPORT FOR PRIORITY TREATMENT OF TROPICAL PRODUCTS AND TANGIBLE STEPS AGREED SO FAR; EC WHILE TRYING TO MAKE RAPID PROGRESS WAS ALSO CONCERNED WITH ACHIEVING BALANCE AMONG LDC INTERESTS AND BETWEEN TROPICAL PRODUCTS AND OTHER AREAS OF NEGOTIATION. SOME RECIPROCITY FROM LDCS COULD BE REQUESTED. ON AGRICULTURE, EC DREW SHARP CONTRAST BETWEEN WHAT IT SAW AS PRESENTATION OF CONCRETE, PRECISE SUGGESTIONS ON ITS PART AND ABSENCE OF SAME FROM OTHERS, USING BLUNT LANGUAGE TO CHARACTERIZE LACK OF PROGRESS ON TARIFF AND NON-TARIFF MEASURES ASPECTS OF LIMITED OFFICIAL USE

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AGRICULTURAL PRODUCTS. EC CLAIMED THAT SOME DELEGATIONS WERE CHALLENGING COMPETENCE OF AGRICULTURE GROUP DESPITE CHAIRMAN'S SUMMING UP AT FEBRUARY TNC BUT COMMUNITY THOUGHT THERE WAS NO QUESTION THAT GROUP HAD TO MOVE AHEAD WITHOUT DELAY ON MATTERS NOT COVERED BY THE COMMODITIES SUBGROUPS ALREADY CREATED. (FYI. U.S. LEARNED PRIVATELY THAT THIS STIFF POSITION WAS LESS STRINGENT THAN ORIGINALLY INTENDED BY EC DEL, HAVING BEEN MODIFIED UPON INSISTENCE OF UK. END FYI.) ON TARIFFS, EC REITERATED CALL FOR HARMONIZATION FORMULA, NEED TO DISPOSE OF PRELIMINARY ISSUES (BASE-DATE, BASE-RATE, UNIT OF REFERENCE) AND NEED FOR MUCH HIGHER LEVEL OF TARIFF BINDINGS AS DEMONSTRATION OF COMMITMENT BY MAJOR PARTICIPANTS IN MTN. AFTER GENERAL FORMULA, AGREED MEASURES FOR LDC BENEFIT COULD BE DEVELOPED, ALTHOUGH COMMUNITY PROPOSAL FOR FLOOR ON TARIFF CUTS WOULD AUTOMATICALLY INCLUDE MARGIN OF PREFERENCE FOR GSP BENEFICIARIES. NTM WORK WAS OFF TO GOOD START. EC CONTINUED TO CALL FOR INJURY REQUIREMENT IN COUNTERVAILING DUTY PRACTICES, TERMINATION OF PROTOCOL OF PROVISIONAL APPLICATION TO GET TO THE REAL BALANCE OF RIGHTS AND OBLIGATIONS BETWEEN CPS, CLOSE EXAMINATION OF SCOPE OF COMMITMENT BY PARTICIPANTS IN STANDARDS AREA, IMPETUS FOR CURRENT WORK OF CUSTOMS COOPERATION COUNCIL AND PROGRESS ON QRS THROUGH ATTENTION TO SAFEGUARD MEASURES. ON SAFEGUARDS, EC PLANNED TO TABLE CONCRETE PROPOSALS AT LATER STAGE ALONG WITH OTHER DELS. IN SECTORS WORK IT STILL NEEDED TO BE CONVINCED AND STRESSED THAT SECTOR APPROACH WAS NOT SUBSTITUTE FOR GENERAL SOLUTIONS IN TARIFF AND NTM FIELDS. FINAL COMMUNITY CONCERN WAS SUBJECT OF

SECURITY OF SUPPLY WHICH IT HAD ALREADY RAISED IN SEVERAL CONTEXTS AND WOULD CONTINUE TO PRESS AS LEGITIMATE AND INTEGRAL MTN CONCERN. EC STATEMENT CLOSED WITH VARIANT OF U.S. PROPOSAL, STRESSING NEED FOR TNC TO CHARGE GROUPS AND SUBGROUPS WITH RESPONSIBILITY "TO EXAMINE POSSIBILITIES FOR MAKING PROGRESS ON THOSE CONCRETE ISSUES WHICH REPRESENT KEY ELEMENTS IN TERMS OF ACHIEVING BALANCED AND GLOBAL PROGRESS IN THESE NEGOTIATIONS."

7. CANADA (GREY) ASSERTED CANADIAN INTEREST IN SUCCESSFUL MTN OUTCOME GREATER THAN ANY OTHER PARTICIPANT GIVEN GREATER TRADE INTEREST. HE MADE DUAL POINT THAT LIMITED OFFICIAL USE

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WHILE PROGRESS BEING MADE IN SEVERAL AREAS (SUBSIDY/CDV, TARIFF HYPOTHESIS, CUSTOMS VALUATION, TROPICAL PRODUCTS, SAFEGUARDS), WHERE WORK MOVING AS FAST AS FEASIBLE FOR SMALL DELEGATIONS, WORK IN SOME OTHER AREAS WAS LAGGING BEHIND. IN LATTER CATEGORY HE PUT AGRICULTURE, ANTI-DUMPING WHERE WORK NOT EVEN UNDERWAY, AND SECTORS WHERE ONLY "HESITANT AND GRUDGING" STARTS HAD BEEN MADE. PROMISED CANADA WOULD BE SECOND TO NONE IN EFFORT IT APPLIED TO DEALING APPROPRIATELY AND ENERGETICALLY WITH NEED TO ADVISE SPECIAL PROCEDURES IN INTERESTS OF LDCS BUT NOTED THAT THERE WAS ROOM FOR DIFFERENCE OF JUDGMENT AMONG REASONABLE MEN AS TO WHERE SUCH PROCEDURES WERE "FEASIBLE AND APPROPRIATE" AS PROVIDED BY THE TOKYO DECLARATION. ON "NARROWER QUESTION" OF TROPICAL PRODUCTS, CANADIAN DELEGATION WORKING WITH LDC DELS TO DEVISE A POSITIVE OFFER BUT CANADIAN TARIFF ALREADY LOW OR ZERO ON MOST OF TROPICAL PRODUCT ITEMS. ON SECURITY OF SUPPLY CANADA INFORMED DELS THAT IT HAD BROUGHT UP SUBJECT FIRST AND HAS ALWAYS RECOGNIZED IT AS PART OF NEGOTIATIONS. CANADA FULLY PREPARED TO CONSIDER WHETHER SPECIFIC COMMITMENTS ON SUPPLY ASSURANCE COULD BE USEFUL IN THE MTN BUT IN "REAL TRADING WORLD" SUPPLY ISSUES WERE PARTLY IMAGINARY. THEY TENDED TO BE CONFUSED WITH TARIFF ESCALATION ON PROCESSED FORMS OF RAW MATERIALS WHICH WAS MAJOR DISTORTION OF TRADING SYSTEM AND PROVIDED "EFFECTIVE APPARATUS OF PROTECTION." MOST SUPPLY ISSUES REVEALED TO BE FEARS AND IMAGINATIONS OF IMPORTERS, WHICH WAS CLEAR WHEN EXISTING NOTIFICATIONS OF TRADE RESTRICTIVE MEASURES IN GATT NTB INVENTORY WERE EXAMINED. CANADIAN VIEW OF ORDERLY WAY TO HANDLE SUPPLY ISSUES WOULD BE TO CONSIDER IN THE TNC GROUPS ORIENTED TO PRODUCT DISCUSSIONS, NAMELY THE SECTORS AND THE AGRICULTURE GROUPS. NEVERTHELESS, CANADA DID NOT RULE OUT, AFTER MTN HAD GONE THROUGH SEVERAL PRODUCT SECTORS, THAT "PERHAPS FEARS AND BOGEYS IN MINDS OF IMPORTERS WOULD REQUIRE

A DIFFERENT KIND OF DISCUSSION." IN TARIFF AREA GREY
NOTED THAT BIG THREE IN MTN HAD ALL SUGGESTED INTEREST
IN FLOOR ON TARIFF CUTTING FORMULA, CAUTIONING THAT IF
FINAL FORMULA AGREED DID CONTAIN SUCH FLOOR, LARGE PART
OF CANADIAN EXPORT INTERESTS WOULD BE VIRTUALLY EXCLUDED.
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CANADA WOULD BE TAKING INTO ACCOUNT THIS POSSIBILITY
AND ALSO RELUCTANCE OF OTHERS TO MOVE AHEAD ON SECTOR
NEGOTIATIONS IN DECIDING WHETHER THERE WOULD BE SERIOUS
RECIPROCITY PROBLEM FOR CANADA IN MTN. SUGGESTED
MAJOR MTN PARTNERS BE WELL AWARE OF THIS IN CONSIDERING
HOW TO PUSH AHEAD. AS TO "INTERIM CONCRETE RESULTS,"
CANADA NOT OPPOSED IF THIS MEANT EARLY ACTION SUCH
AS WAS ALREADY UNDER WAY IN MANY GROUPS. IF AN EARLY
PACKAGE COULD EVOLVE ON ITS OWN THAT WOULD BE USEFUL
BUT IT OUGHT NOT TO BE PUSHED. CANADA WOULD NOT WANT
EFFORT AT INTERIM CONCRETE RESULTS TO TAKE AWAY FROM
EARLY SUBSTANTIVE CONCLUSION OF OVERALL NEGOTIATION
WHICH WOULD PROVIDE THE BROADEST POSSIBLE PACKAGE OF
RIGHTS AND OBLIGATIONS FOR PARTICIPANTS.

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AF-06 ARA-06 EA-06 EUR-12 NEA-10 /132 W

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R 161530Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 295

INFO AMEMBASSY BELGRADE
AMEMBASSY BONN
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AMEMBASSY BRASILIA
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PASS STR

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8. SWITZERLAND (DUNKEL) NOTED THAT WORK SCHEDULED FOR
FALL CONSTITUTED HEAVY LOAD BUT THAT NEGOTIATIONS
WERE NOW IN PROCESS OF EVOLVING TOWARD MORE SPECIFIC
RESULTS. TROPICAL PRODUCTS CITED AS AREA WHERE THINGS

HAD BECOME CONCRETE ALREADY. SWITZERLAND SAW NEGOTIATIONS AS PROCEEDING ON TWO FRONTS: FIRST, DISMANTLING OF OBSTACLES TO TRADE AND SECOND, RULES/DISCIPLINES GOVERNING THE INTERNATIONAL TRADING SYSTEM. IN FIRST CATEGORY SWITZERLAND CALLED FOR AS RAPID PROGRESS AS POSSIBLE ON TARIFF NEGOTIATING PLAN WHICH WOULD BE GENERAL ENOUGH TO REIN IN PROBLEMS OF EXCEPTIONS. IN AGRICULTURE DIFFERENCES IN VIEW NEED TO BE RECONCILED OVER HOW TO APPROACH SUBSTANTIVE NEGOTIATIONS. IN NTMS, CONCRETE SOLUTIONS WERE ALREADY IN SIGHT AND PARTICIPANTS SHOULD KEEP ON PATHS ALREADY DISCOVERED. AS TO SPECIAL AND DIFFERENTIAL TREATMENT FOR LDCS THIS WOULD NEED TO BE BUILT IN AS PART OF THE CONCRETE RESULTS IN PREVIOUS THREE ITEMS. TOKYO ROUND SEEN BY SWITZERLAND AS FIRST TO OCCUR DURING SITUATION OF SERIOUS ECONOMIC PROBLEMS, NAMELY INFLATION, RECESSION, AND MONETARY INSTABILITY, BUT LONG-TERM PERSPECTIVE WOULD NEED TO BE KEPT IN MIND WHEN CONCESSIONS WERE TRADED. UNDER CATEGORY OF LIMITED OFFICIAL USE

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IMPROVEMENT OF THE RULES AND DISCIPLINES OF TRADING SYSTEM, SWITZERLAND SAW SAFEGUARDS AND SUBSIDY/COUNTERVAIL AS THE LEADING ITEMS. THIS EFFORT NEEDED TO BE EXTENDED TO ANTI-DUMPING AND APPLICATION OF EXPORT RESTRICTIONS WHERE IN LATTER CASE A LOOK WAS NEEDED AT THE ADEQUACY OF EXISTING RULES. DUNKEL NOTED THAT THERE WOULD BE LESSONS TO BE LEARNED FROM NEGOTIATING DURING PERIOD OF RECESSION AND THOUGHT SHARPER COMPETITION DURING SUCH TIMES MADE THE "RULES OF THE GAME" ESPECIALLY IMPORTANT. USEFUL ADAPTATIONS OF RULES FOR LDC INTERESTS WOULD ALSO NEED TO BE INCLUDED.

9. NORDICS (SAHLGREN OF FINLAND) SAW IN REPORTS OF WORKING CHAIRMEN EVIDENCE OF MUCH PROGRESS ALREADY, ALTHOUGH PERHAPS SOME LIMITATIONS WERE IMPOSED BY ECONOMIC PROBLEMS OF UNPRECEDENTED COMPLEXITY. NEVERTHELESS, WORK SHOULD BE ACCELERATED WHERE FEASIBLE. TARIFFS WAS ONE OF THESE AREAS WHERE EXAMINATION OF HYPOTHETICAL FORMULA SHOULD BE CARRIED ON WITH DISPATCH AND AS MANY TECHNICAL ISSUES AS POSSIBLE SHOULD BE SETTLED SOON. SECTORS IN CONTRAST WOULD STILL BE COMPLEMENTARY AND BE USED ONLY AT LATER STAGE OF NEGOTIATIONS, AS MEANS FOR GOING FURTHER ON LIBERALIZATION THAN GENERAL FORMULAS. ON AGRICULTURE THE NUMEROUS COMPROMISES AND SENSITIVITY OF SUBJECT MADE CLEAR THAT ONLY PRAGMATIC AND FLEXIBLE ATTITUDE COULD SUCCEED. IN THIS CONNECTION NORDICS REVERTED TO SUPPORT OF ARGENTINE PROPOSAL (REPORTED MTN GENEVA 5447 NOTAL) WHICH NORDICS SAW AS BOTH PRACTICAL AND OF BENEFIT TO LDCS. IN TROPICAL PRODUCTS NORDICS PROCEEDING ON ASSUMPTION

THAT CIRCULATION OF OFFERS WOULD FOLLOW NEXT MEETING OF GROUP LEADING TO AGREED PACKAGE BY END OF YEAR OR EARLY 1976. ON NTMS HEAVY WORKLOAD WAS STRETCHING CAPACITY OF MANY DELEGATIONS AND THERE WOULD BE NEED TO PUSH AHEAD ON SOME ITEMS IN PARTICULAR. IN SAFEGUARDS, PARALLEL PROGRESS WITH TARIFFS WOULD BE ESSENTIAL. ON NEED FOR EARLY RESULTS, NORDICS IN FULL AGREEMENT BUT NOT CERTAIN AS TO WHETHER ACTUAL TNC INSTRUCTION NEEDED FOR WORKING GROUPS. NORDICS COULD SUPPORT CONCEPT IF OTHERS THOUGHT IT WAS NECESSARY. IN ANY CASE THERE WOULD BE NEED FOR BROADLY BALANCED LIMITED OFFICIAL USE

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RESULTS FROM THIS PROCESS.

10. NIGERIA (ADEWAKUN) DWELT ON TROPICAL PRODUCTS AND NOTED ONLY THREE INVITATIONS FOR CONSULTATIONS ON NIGERIAN REQUESTS HAD BEEN ISSUED. CONSULTATIONS WITH CANADA AND JAPAN HAD BEEN SATISFACTORY BUT CONSULTATIONS WITH U.S. REVEALED DIFFICULT PROBLEM OF FEDERAL-STATE JURISDICTION ON TAXES. (IN PRIVATE CONSULTATION WITH NIGERIANS U.S. HAD EXPLAINED SITUATION ON STATE SALES TAXES WHICH APPLIED IN CONFORMITY WITH ARTICLE III OF GATT. NIGERIANS HAD NOT FOUND THIS HELPFUL.) ON NTMS NIGERIANS HAVE FORWARDED STANDARDS CODE TO THEIR AUTHORITIES FOR REVIEW AND IN ADDITION HAD NO PROBLEM WITH PROPOSAL TO ABOLISH CONSULAR FORMALITIES. ON TARIFFS NIGERIA DISAPPOINTED THAT GROUP HAD REJECTED BUILDING IN DIFFERENTIATION FOR LDCS AS PART OF TARIFF CUTTING FORMULA BUT WAS HEARTENED BY PROMISES TO IMPROVE GSP SCHEMES HEARD FROM EC, JAPAN, NORDICS, U.S. (SIC) AND OTHERS. IN SECTORS, TIN ORE WAS MAIN NIGERIAN INTEREST, OF WHICH THERE HAD BEEN NO DISCUSSION AS YET ALTHOUGH THE EXTENSIVE SECRETARIAT PAPER ON ORES AND METALS WAS NOTED. ON SAFEGUARDS, MOST ATTENTION SO FAR HAD FOCUSED PARTS I, II, AND III OF GATT BUT NO EFFORT HAD BEEN MADE TO LINK IN PART IV. THIS WAS NEEDED. IN AGRICULTURE, FROM PERSPECTIVE OF LDCS IT WAS "NOT CLEAR YET WHAT THE GROUP IS UP TO." NIGERIA URGED MAJOR PARTIES TO SETTLE DIFFERENCES QUICKLY. HOWEVER, THREE COMMODITY GROUPS ESTABLISHED SO FAR TOUCHED LDC INTERESTS ONLY MINIMALLY. NIGERIA ADMITTED THAT ITS COMPLAINT ON AGRICULTURE WAS INTENDED TO PUT AGRICULTURE GROUP ON THE "PATH OF RECTITUDE" SO AS TO GET RESPECTABLE RESULTS IN SOME REASONABLE TIME FRAME. SPECIAL PROCEDURES FAVORING LDCS WOULD NEED TO BE BUILT IN AS SOON AS POSSIBLE. WALKER

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